

**PARISH OF IBERVILLE, LOUISIANA  
WATERWORKS DISTRICT NO. 3**

**ANNUAL FINANCIAL REPORT**

**MARCH 31, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 30 2013

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To the Board of Waterworks Commissioners of the  
Parish of Iberville, Louisiana - Waterworks District No. 3

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Parish of Iberville, Louisiana - Waterworks District No. 3, a component unit of the Iberville Parish Council, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Parish of Iberville, Louisiana - Waterworks District No. 3 as of March 31, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT (continued)

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2013, on our consideration of the Parish of Iberville, Louisiana - Waterworks District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Parish of Iberville, Louisiana - Waterworks District No. 3's internal control over financial reporting and compliance.

***Baxley & Associates, LLC***

Plaquemine, Louisiana

July 10, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Iberville Parish Water District No. 3, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended March 31, 2013.

### Financial Highlights

- The assets of the Iberville Parish Water District No. 3 exceeded its liabilities at the close of the most recent fiscal year by \$4,789,660 (*net position*). Of this amount, \$1,120,318 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$310,992. The increase is due to a continuation of efficient management of the district's resources. Operating Revenue and other sources decreased by \$28,324 from \$1,436,089 in 2012 to \$1,407,765 in 2013. The primary reason for the decrease in revenue was because of a decrease in the consumption of water sold.
- Capital contributions increased for 2013 by \$22,056, from \$10,100 to \$32,156.
- Non operating revenues were \$339,120 up from \$21,917. The primary reason for this increase is due to a settlement received.
- The District's total debt increased by \$59,162 due to the additional revenue bond series 2011 for upgrades to the District's Treatment Plant.
- The District paid a total of \$156,083 in interest on outstanding debt.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Iberville Parish Water District No. 3's basic financial statements. The District's basic financial statements comprise two components: 1) proprietary fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Proprietary Fund Financial Statements

*Proprietary funds* provide the same type of information as the conventional government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water operation, which is considered to be the only major fund of Iberville Water District No. 3.

The *proprietary fund financial statements* are designed to provide readers with a broad overview of Iberville Parish Water District No. 3's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues expenditures and changes in net position* presents information showing how the entity's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

The business-type activities of the Iberville Water District No. 3 are conducted through the Iberville Parish Council Utility Department and they include only water operations. The district has no component units or separate fund types.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Iberville Parish Water District No. 3, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses only the enterprise fund types of proprietary funds.

An *Enterprise fund* is a proprietary fund type used to report an activity for which a fee is charged to external users for the consumption and/or purchase of goods or services.

The basic proprietary fund financial statements can be found on pages 12-15 of this report

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-24 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Parish of Iberville, Louisiana, Waterworks District No. 3's progress in funding its obligations. Other supplementary information can be found on page 25-35 of this report.

### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Iberville Parish Water District No. 3, assets exceeded liabilities by \$4,789,660 at the close of the most recent fiscal year.

By far the largest portion of the District's net position (80 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it is not an expendable resource. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Iberville Parish Water District No. 3

Table 1

#### Net Position

	<u>Business - type activities</u>	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$1,922,559	\$1,590,065
Capital assets	<u>6,475,543</u>	<u>6,467,533</u>
Total assets	<u>8,398,102</u>	<u>8,057,598</u>
Long-term liabilities outstanding	3,337,547	3,278,385
Other liabilities	<u>270,895</u>	<u>326,082</u>
Total liabilities	<u>3,608,442</u>	<u>3,604,467</u>
Net position:		
Net invested in		
Capital assets	3,064,555	3,189,148
Restricted	604,787	576,423
Unrestricted	<u>1,120,318</u>	<u>687,560</u>
Total net position	<u>\$ 4,789,660</u>	<u>\$ 4,453,131</u>

A portion of Iberville Parish Water District No. 3's net position \$604,787 (12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$1,120,318 (23 percent) may be used to meet the government's ongoing obligations to citizens and creditors.



At the end of the current fiscal year, the Iberville Parish Water District No. 3 was able to report positive balances in its net position. The same situation held true for the prior fiscal year

## Iberville Parish Water District No. 3

Table 2  
Changes in Net Position

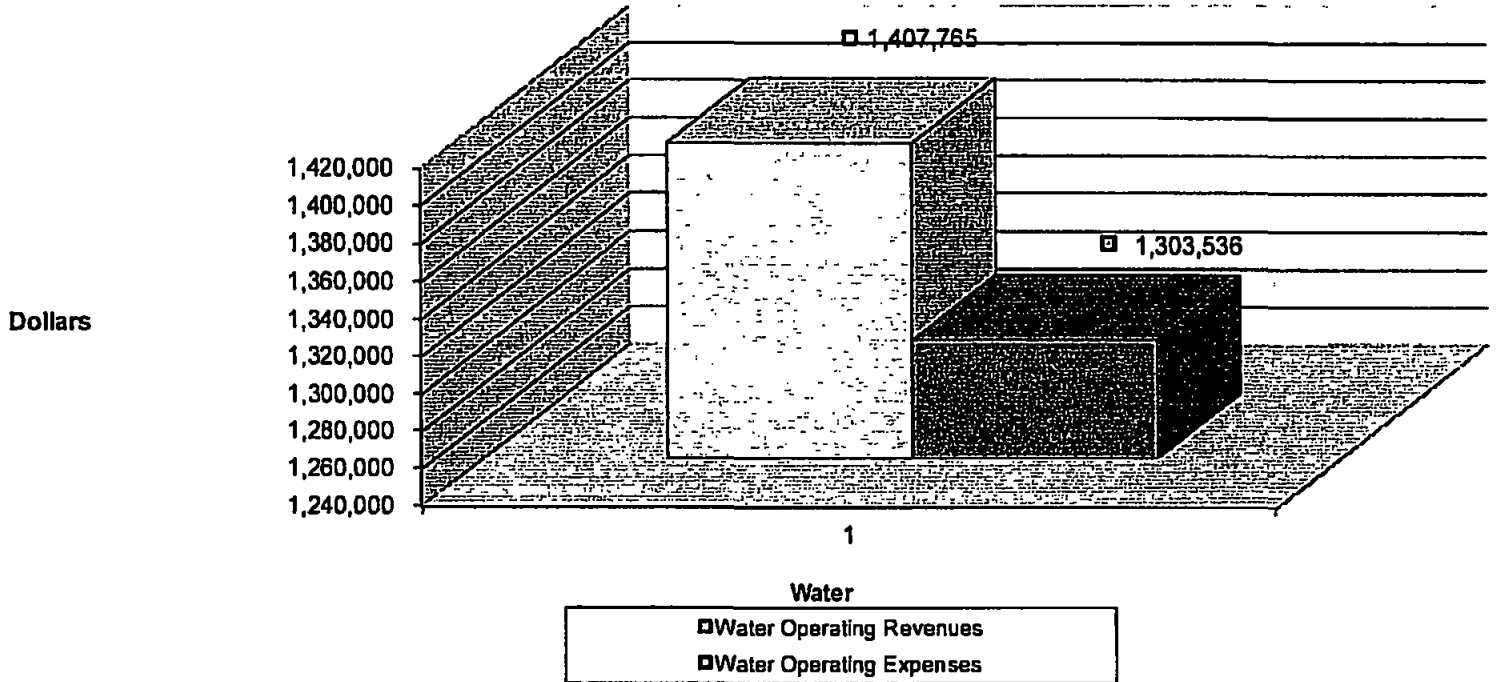
	<u>Business - type activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues		
Charges for Services	1,375,295	1,400,593
Connections and Service Fees	7,643	10,858
Capital contributions	32,156	10,100
Other general revenues	<u>363,247</u>	<u>46,555</u>
Total Revenues	<u>1,779,041</u>	<u>1,468,106</u>
Other expenditures	8,430	8,430
Interest on long term debt	156,083	93,061
Water	<u>1,303,536</u>	<u>1,276,483</u>
Total Expenses	<u>1,468,049</u>	<u>1,377,974</u>
Increase (decrease) in net Position	310,992	90,132
Net Position Beginning	<u>4,478,668</u>	<u>4,388,536</u>
Net Position Ending	<u>4,789,660</u>	<u>4,478,668</u>

Charges for Services decreased by \$25,298 because of a decrease in the consumption of water sold. Total expenses increased by \$90,075 because of an increase in repairs and maintenance.

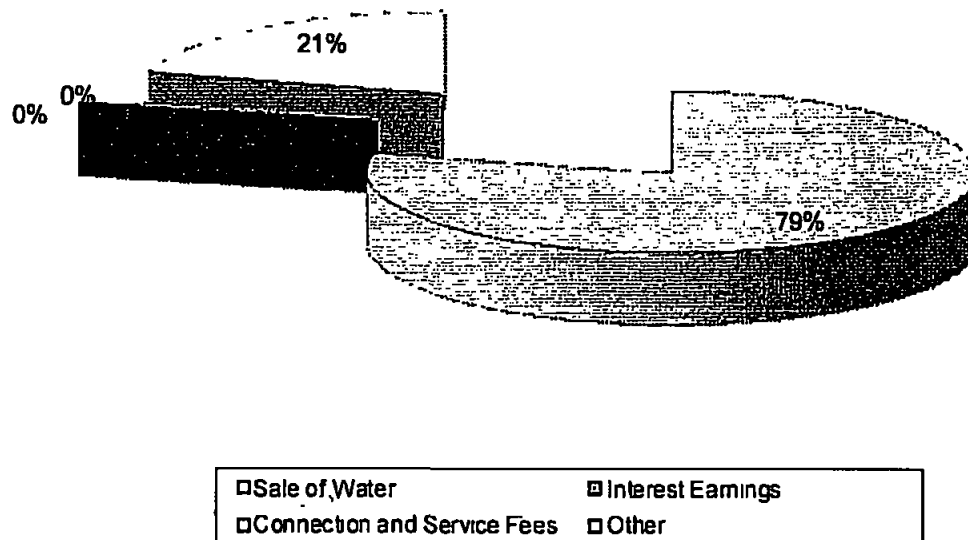
The Water district received \$32,156 in capital contributions from their customers for various line extensions throughout the district. Capital contributions related to line extensions are frequent because of regulations set forth by the District requiring a property owner to bear the initial cost for all water line extensions in a new development. After the new development is complete, the water district then takes over and maintains the water lines.

Other factors concerning the finances of this fund have already been addressed in the discussion of the Iberville Parish Water District No. 3's business-type activities.

**Iberville Parish Water District No. 3  
2013 Expenses and Program Revenues - Business Type Activities**



**Revenues by Source - Business Type Activities**



## Capital Asset and Debt Administration

### Capital assets

The Iberville Parish Water District No. 3's investment in capital assets for its business type activities as of March 31, 2013, amounts to \$6,475,543 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the Iberville Parish Water District No.3's investment in capital assets for the current fiscal year was \$17,527.

Major capital asset events during the current fiscal year included the following:

## Iberville Parish Water District No. 3

Table 3

Water District No. 3 - Capital Assets  
(Net of depreciation)

	<u>Business - type activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 35,185	\$ 35,209
Buildings and system	<u>6,440,358</u>	<u>6,457,861</u>
Total	<u>\$ 6,475,543</u>	<u>\$ 6,493,070</u>

Additional information on the Iberville Parish Water District No. 3's capital assets can be found on page 28 of this report.

### Long-term debt

At the end of the current fiscal year, the Iberville Parish Water District No. 3 had total debt outstanding of \$3,337,547 comprised entirely of revenue bonds for which the district is liable.

## Iberville Parish Water District No. 3

Table 4

Iberville Parish Council - Outstanding Debt  
General Obligation and Revenue Bonds

	<u>Business - type activities</u>	
	<u>2013</u>	<u>2012</u>
Revenue Bonds	\$ 3,410,988	\$ 3,350,938
Total	<u>\$ 3,410,988</u>	<u>\$ 3,350,938</u>

Additional information on the Iberville Parish Water District No. 3's long-term debt can be found on pages 20-22 of this report.

**Economic Factors and Next Years Rates:**

- The average number of customers billed increased from 3,141 in 2012 to 3,159 in 2013.
- The average quantity of water used went from 85 16 thousand gallons to 80 51 thousand gallons per customer.
- The average revenue per 1,000 gallons sold went from \$4.77 to \$4 44
- There were 3,049 residential and 102 commercial water utility customers at March 31, 2013, up from 3,045 residential and up from 102 commercial water utility customers at March 31, 2012.
- The district increased rates in April of 2012. The rates can be found on page 26 of this report.

**These factors were considered in preparing the Iberville Parish Water District No. 3's budget for the 2012 fiscal year.**

During the current fiscal year, unrestricted net position increased by \$432,758 to \$1,120,318. As a proprietary fund type, the district is not required to adopt a budget. It is anticipated that positive unrestricted net position will avoid the need to raise taxes or charges beyond normal inflationary indexed amounts during the 2013- 2014 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the Iberville Parish Water District No. 3's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Iberville Parish Water District No. 3, Iberville Parish Council, Office of the Finance Director, P. O Box 389, Plaquemine, LA 70764

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT A**

**PARISH OF IBERVILLE, LOUISIANA—WATERWORKS DISTRICT No. 3  
STATEMENT OF NET POSITION  
MARCH 31, 2013**

	<b>March 31, 2013</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 712,715
Accounts receivable (net of allowance for doubtful accounts of \$1,125 at March 31, 2013)	202,002
Prepaid insurance	14,931
	<u>929,648</u>
<b>Restricted Assets</b>	
Revenue bond fund	105,847
Revenue bond reserve fund:	
Cash	227,065
Water revenue bond HUD	
Cash	85,154
Depreciation and contingency fund, savings	186,721
Customer deposits:	
Cash	21,653
Savings	141,132
Treatment plant improvement fund	-
	<u>767,572</u>
<b>Plant</b>	
Construction in progress	-
Water distribution system	3,269,712
Wells, tank and equipment	2,425,925
Water treating plant	4,682,237
	<u>10,377,874</u>
Less accumulated depreciation	<u>(3,937,516)</u>
	6,440,358
Land and rights of way	33,800
Unamortized cost of leased land	1,385
	<u>6,475,543</u>
<b>Other Assets</b>	
Unamortized debt expense	225,339
	<u>225,339</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,398,102</u></u>

The accompanying notes are an integral part of this statement

**EXHIBIT A**  
**CONT.**

**PARISH OF IBERVILLE, LOUISIANA—WATERWORKS DISTRICT No. 3**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2013**

	<b><u>March 31,</u></b> <b><u>2013</u></b>
<b>LIABILITIES AND NET POSITION</b>	
<b>Current Liabilities</b>	
Payable from current assets:	
Accounts payable	\$ 72,780
Retainage payable	<u>2,013</u>
	<u>74,793</u>
Payable from restricted assets:	
Current portion of revenue bonds	73,441
Customers' meter deposits	<u>122,661</u>
	<u>196,102</u>
	<u>270,895</u>
<b>Long-Term Liabilities</b>	
Waterworks revenue bonds, dated April 1999 (net of current maturities)	343,777
Waterworks revenue bonds, dated 2004 (net of current maturities)	1,525,000
Waterworks revenue bonds, dated August 2010 (net of current maturities)	<u>1,468,770</u>
	<u>3,337,547</u>
<b>TOTAL LIABILITIES</b>	<u><u>3,608,442</u></u>
<b>NET POSITION</b>	
Net invested in capital assets	3,064,555
Restricted Net Position:	
Reserved for revenue bond interest and retirement, system replacement and extension and construction	604,787
Unrestricted	<u>1,120,318</u>
<b>TOTAL NET POSITION</b>	<u><u>4,789,660</u></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 8,398,102</u></u>

The accompanying notes are an integral part of this statement

**EXHIBIT B**

**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION--**  
**ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	<b>March 31, 2013</b>
<b>OPERATING REVENUES</b>	
Sale of water	\$ 1,375,295
Forfeited discounts	24,827
Connection and service fees	7,643
	<u>1,407,765</u>
<b>OPERATING EXPENSES</b>	
Contract operations	316,397
Repairs and maintenance	157,553
Bad debt expense	40
Depreciation	248,806
Power charges	55,525
Insurance	59,535
Board fees	3,900
Telephone	4,286
Professional fees	15,318
Office expenses and supplies	36,718
Amortization of land lease	296
Miscellaneous	24,211
Water treating chemical	163,953
Water plant operators	173,173
Workman's compensation	8,065
Recording secretary	3,600
Rent	32,160
	<u>1,303,536</u>
<b>OPERATING INCOME</b>	<u><b>104,229</b></u>
<b>NON-OPERATING REVENUES</b>	
Other grant revenue	45,426
Other- settlement funds	292,278
Interest on investments	1,416
	<u>339,120</u>
<b>NON-OPERATING EXPENSES</b>	
Revenue bond interest	156,083
Amortization of deferred debt expense	8,430
	<u>164,513</u>
<b>(LOSS) INCOME BEFORE CONTRIBUTIONS</b>	<b>278,836</b>
<b>CAPITAL CONTRIBUTIONS</b>	<u><b>32,156</b></u>
<b>CHANGES IN NET POSITION</b>	<b>310,992</b>
<b>TOTAL NET POSITION, BEGINNING</b>	<u><b>4,478,668</b></u>
<b>TOTAL NET POSITION, ENDING</b>	<u><b>\$ 4,789,660</b></u>

The accompanying notes are an integral part of this statement.



**PARISH OF IBERVILLE, LOUISIANA--WATERWORKS DISTRICT No. 3  
STATEMENT OF CASH FLOWS--ENTERPRISE FUND  
FOR THE YEAR ENDED MARCH 31, 2013**

**EXHIBIT C**

	<b>March 31, 2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,401,863
Cash payments for goods and services	(1,113,660)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>288,203</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACITIVITES</b>	
Customer deposits received	11,100
Customer deposits refunded	(8,245)
Miscellaneous	25
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>2,880</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Bond issue costs	-
Proceeds from bond anticipation note	130,000
Miscellaneous	337,704
Acquisition of capital assets	(231,303)
Principal paid on revenue bond maturities and land note	(69,950)
Capital contributed by subdividers	32,156
Interest paid on revenue bonds and land note (net of accruals)	(156,083)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>42,524</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	1,416
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,416</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>335,023</b>
<b>CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR</b>	<b>1,145,264</b>
<b>CASH AND CASH EQUIVALENTS--END OF YEAR</b>	<b>\$ 1,480,287</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 104,229
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	248,806
Changes in operating assets and liabilities	
Accounts and miscellaneous receivables	(5,902)
Accounts payable and retainage payable	(58,930)
Total adjustments	183,974
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 288,203</b>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS</b>	
Current Assets	
Cash and cash equivalents	\$ 712,715
Restricted Assets	767,572
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,480,287</b>
<b>Supplemental Data</b>	
Interest paid	<b>\$ 156,083</b>

The accompanying notes are an integral part of these financial statements

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The Water District No. 3, of the Parish of Iberville, Louisiana, was created by an ordinance of the Iberville Parish Police Jury in 1971. The governing authority of the District consists of six members of a Board of Commissioners appointed to five-year terms by the Parish Council.

**Basis of Presentation**

The accompanying financial statements of the Water District No. 3 of the Parish of Iberville, Louisiana have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. In conformance with GASB Codification Section 2100, the District is a component unit of the Iberville Parish Council. The accompanying basic financial statements present only the transactions of the Water District No. 3 of the Parish of Iberville, Louisiana.

**Fund Structure**

Water District No. 3 of the Parish of Iberville, Louisiana, a component unit of the Parish, is an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

**Method of Accounting**

The accompanying financial statements of the Water District No. 3 of the Parish of Iberville, Louisiana, have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for Local and State Governments*, issued in June 1999. This statement established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by the GASB statement included in the following paragraph. The District also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require capital contributions to the District to be presented as change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was adopted for the fiscal year ended March 31, 2013. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for Local and State Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The Water District utilizes the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred. Revenues for utility services are accrued through year-end.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Accordingly, all restricted cash and time deposits are considered cash and cash equivalents.

**Receivables**

Receivables include amounts due from customers for the use of utilities. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Accounts receivable of \$202,002 are reported net of allowance for uncollectible accounts for the year ended March 31, 2013. Revenues of \$1,407,765 are reported net of uncollectible amounts for the year ended March 31, 2013.

**Plant and Equipment**

Plant and equipment are capitalized at historical cost or estimated historical cost. The District's policy has set the capitalization threshold for reporting capital assets at \$1,000. Depreciation for financial reporting purposes is computed by the straight-line method over estimated useful lives of the assets as follows:

Water distribution system	8-50 years
Wells, tank, and equipment	8-50 years
Water treating plant	8-50 years

The cost of customers' service line extensions is billed to the customer and the proceeds are credited to contributed capital.

Interest incurred during the construction of a fixed asset is capitalized in the cost of the asset constructed, net of interest earned on the invested proceeds over the same period.

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond March 31, 2013 are recorded as prepaid expenses.

**Restricted Assets**

Restricted assets included cash and cash equivalents that are legally restricted as to their use. The restricted assets are related to customers' meter deposits and bond resolution requirements.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Amortization of Deferred Charges**

The cost of leased land is being amortized over the lease term from 3 to 50 years, on a straight-line basis. Amortization of deferred debt expense is computed over the life of the bond issue, on a straight-line basis.

**Operating and Nonoperating Revenues**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses of the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses

Utility customers are billed throughout the month in cyclical billings by route. Revenues are accrued at year end from the date of last billing.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Net Position**

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for Local and State Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following component of net position:

- *Net invested in capital assets* – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net invested in capital assets.”

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH AND CASH EQUIVALENTS**

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit. Under state law, the Parish of Iberville, Louisiana - Waterworks District No. 3, may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the Union, or the laws of the United States. Further, the Parish of Iberville, Louisiana - Waterworks District No. 3 may invest in the deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. For the year ended March 31, 2013 the Parish of Iberville, Louisiana - Waterworks District No. 3 entered into a fiscal agency contract with a commercial bank domiciled within the Parish. The contract provided that all deposits are to be in Super NOW (negotiable orders of withdrawal) accounts paying a market rate of interest which approximates the interest rate on 13 week U.S. Treasury Bills. The contract called for 100% participation by the Bank of Commerce.

Under the contract, the Bank of Commerce acted as the servicing bank or agent for all deposits and withdrawals of the District. At March 31, 2013, the Parish of Iberville, Louisiana - Waterworks District No. 3 had bank balances totaling \$1,480,041. The District's carrying amount of deposits was \$1,480,287, with \$712,715 consisting of unrestricted assets and \$767,572 consisting of restricted assets.

The Bank of Commerce maintains an account in the name of the Parish of Iberville, Louisiana - Waterworks District No. 3 and thus has federal deposit insurance for that account in the amount of \$250,000 for checking, savings, and investments. Any excess of deposits over federal deposit insurance must be secured under state law by the pledge of bank-owned securities. The market value of the pledged securities plus the federal deposit insurance must at all times be at least equal to the amount on deposit with the banks. These pledged securities are held in the name of the pledging banks in an independent custodial bank that is mutually acceptable to the parties involved.

The following is a summary of cash and cash equivalents of the Parish of Iberville, Louisiana - Waterworks District No. 3 in the fiscal agency contract at March 31, 2013, with the related federal deposit insurance and pledged securities:

	Bank Balances March 31, 2013	FDIC Insurance	Balances Uninsured
Cash	\$1,480,041	\$250,000	\$1,230,041
Uncollateralized - Securities pledged and held by custodial banks in the name of fiscal agent banks at fair market value, at March 31, 2013			1,384,159
Excess of FDIC insurance and pledged securities over cash at March 31, 2013			\$154,118

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial banks to advertise and sell the pledged securities within ten (10) days of being notified by the District that the fiscal agency bank(s) has (have) failed to pay deposited funds upon demand

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - UNAMORTIZED DEBT AND AMORTIZATION**

On October 26, 2004, \$2,150,000 of water revenue refunding bonds were issued to pay off old debt. The actual cost issuance, bond discount, and underwriters discount amounted to \$147,706. This amount will be amortized over the life of the bond.

On August 4, 2010, \$1,500,000 in 2 Series of Bond Anticipation Notes were issued. The actual cost issuance through March 31, 2012 was \$130,147. This amount will be amortized over the life of the bonds once the Water Revenue Bond, Series 2011 is issued in full.

	Series 2004	Series 2010	Total
Other Asset at March 31, 2012	\$ 147,706	\$ 130,147	\$ 277,853
Less: Amortization over 29 years/39 years	(45,840)	(6,674)	(52,514)
Unamortized Debt at March 31, 2013	<u>\$ 101,866</u>	<u>\$ 123,473</u>	<u>\$ 225,339</u>

**NOTE D - FLOW OF FUNDS - RESTRICTIONS ON USE**

Under the terms of the bond indentures on outstanding Water Utility Bonds dated April 5, 1999 and October 26, 2004, all income and revenue (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the "Water System Revenue Fund." Such revenues shall be expended and used only in the manner and order specified below:

The first charge against the Water System Revenue Fund shall be the payment of reasonable and necessary expenses incurred in the current operation and maintenance of the system.

Each month, there will be set aside into a fund called the "Water System Revenue Bond and Interest Sinking Fund" an amount constituting no less than 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. In fiscal year 2013 all transfers were properly made.

In accordance with the bond issues, there shall also be set aside into a "Water Revenue Bond Reserve Fund" an amount equal to 20% of that sum transferred to the Water System Revenue Bond and Interest Sinking Fund until such time as the funds and/or investments in the Water Revenue Bond Reserve Fund shall equal \$72,000. With respect to the bond resolutions, the amount to be set aside each month into the Water Revenue Bond Reserve Fund shall be 5% of the sum required to be transferred each month into the Sinking Fund for each of the bond issues as stated above. Payments shall continue until the highest annual debt service amount on the combined bond issues, including principal and interest payable in any future fiscal year, is accumulated.

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - FLOW OF FUNDS - RESTRICTIONS ON USE (CONTINUED)**

Money in the Reserve Fund may be used solely for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Water Revenue Bond Fund and as to which there would otherwise be a default.

The 1999 bond issues also established a "Depreciation and Contingency Fund" into which monthly transfers of \$1,146 are to be made. The funds may be used for the same purpose as the Water Replacement and Extension Fund mentioned above. Any balance in the Water System Revenue Fund may be used for the purpose of acquiring for cancellation the outstanding Water Revenue Bonds or for any other lawful purpose.

**NOTE E - BONDS PAYABLE**

**Waterworks Revenue Bonds Dated April 5, 1999**

The U.S. Department of Agriculture Farmers Home Administration is the holder of a water revenue bond dated April 5, 1999. The bond is a single, fully registered bond, without coupons, and bears interest at the rate of 4 875% per annum. The bond is payable in annual installments of \$23,800, including interest, beginning February 10, 2000, and annually thereafter through February 10, 2040. Any installments for the payment of principal thereon may be paid prior to the due date at a price of par and accrued interest to the date of prepayment. Payments on the bond shall be applied first to interest due through the date of payment, and then to principal. The bond is payable in annual installments as follows:

Amount due February 10, 2014 (interest only)	\$ 17,107
Amount due February 10, 2014 – 2040 (principal & interest)	\$ 642,600

**Waterworks Revenue Refunding Bonds Dated Series 2004 and Dated Series 2010**

The U.S. Department of Agriculture Farmers Home Administration is the holder of water revenue bonds dated October 26, 2004, which amounted to \$2,150,000. The bonds bear interest at the rate of 4.453%, payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. Maturity is in the fiscal year of 2033.

The U.S. Department of Agriculture Farmers Home Administration is the holder of revenue bonds dated August 4, 2010, which amounted to \$1,500,000. The bonds bear interest at the rate of 4 25% payable annually on February 1<sup>st</sup> of each year. Maturity is in the fiscal year of 2051

These bonds mature serially as shown in the following schedule:

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - BONDS PAYABLE (CONTINUED)**

<b>WATERWORKS REVENUE REFUNDING BONDS</b>		
<b>BONDS MATURING IN FISCAL YEAR</b>	<b>DATED OCTOBER 2004</b>	<b>DATED AUGUST 2010</b>
2014	50,000	16,341
2015	50,000	17,036
2016	55,000	17,760
2017	55,000	18,514
2018	60,000	19,301
2019-2033	1,305,000	1,396,159
	1,575,000	1,485,111
Less. Current maturities	(50,000)	(16,341)
	<u>\$ 1,525,000</u>	<u>1,468,770</u>

The following is a summary of long-term bond transactions for the year ended March 31, 2013:

	<b>1999 Revenue Bonds</b>	<b>2004 Revenue Bonds</b>	<b>2010 Revenue Bonds</b>	<b>Total</b>
Long-term bonds payable at 3-31-12	\$ 349,379	\$ 1,575,000	\$ 1,354,006	\$ 3,278,385
Bond proceeds	-	-	130,000	130,000
Bond retired or transferred to current liabilities	(5,602)	(50,000)	(15,236)	(70,838)
Long-term bonds payable at 3-31-13	<u>\$ 343,777</u>	<u>\$ 1,525,000</u>	<u>\$ 1,468,770</u>	<u>\$ 3,337,547</u>

**NOTE F - CAPITAL CONTRIBUTIONS**

Analysis of changes in contributions for March 31 year end are as follows.

	<b>CUSTOMERS 2013</b>
Balance, beginning of year	\$ 868,233
Add. Contributions from customers	32,156
Balance, end of year	<u>\$ 868,233</u>
	<b>FHA 2013</b>
Balance, beginning of year	\$ 1,300,000
Add. Contributions from customers	-
Balance, end of year	<u>\$ 1,300,000</u>
	<b>STATE GRANT 2013</b>
Balance, beginning of year	\$ 59,302
Add. Contributions from customers	-
Balance, end of year	<u>\$ 59,302</u>



**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F – CAPITAL CONTRIBUTIONS (CONTINUED)**

	<b>IBERVILLE PARISH COUNCIL</b>
	<b>2013</b>
Balance, beginning of year	\$ 132,248
Add: Contributions from customers	-
Balance, end of year	<u>\$ 132,248</u>

	<b>GEORGIA GULF</b>
	<b>2013</b>
Balance, beginning of year	\$ 559,931
Add: Contributions from customers	-
Balance, end of year	<u>\$ 559,931</u>

	<b>IBERVILLE PARISH UTILITY DEPT</b>
	<b>2013</b>
Balance, beginning of year	\$ 31,788
Add: Contributions from customers	-
Balance, end of year	<u>\$ 31,788</u>

**NOTE G - INTEREST COSTS**

There was no interest costs capitalized during the current period.

**NOTE H - CHANGES IN AMOUNTS NET INVESTED IN CAPITAL ASSETS**

The change in amounts net invested in capital assets can be summarized as follows:

Balance at March 31, 2012	\$ 3,142,132
Change in capital assets	(17,527)
Change in related debt	<u>(60,050)</u>
Balance at March 31, 2013	<u>\$ 3,064,555</u>

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE I - LITIGATION**

There are no asserted claims against Waterworks District No. 3 at March 31, 2013.

**NOTE J – NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the Water District beginning with its year ending March 31, 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as net assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

Management has not currently determined what, if any, impact implementation of this statement may have on the financial statements of the Water District.

**NOTE K- SUBSEQUENT EVENTS**

These financial statements considered subsequent events through July 10, 2013, the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**SCHEDULE 1**

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3  
COMMENTS ON OPERATIONS OF WATER UTILITY SYSTEM  
MARCH 31, 2013**

Revenues are derived from the sale of water at the following rates that were effective April, 2012:

**Residential rates**

First 2,000 gallons or less per month	\$16.92 (minimum)
Over 2,000 gallons	\$3.65 per 1,000 gallons

**Small commercial rates**

First 2,000 gallons or less per month	\$21.58 (minimum)
Over 2,000 gallons	\$3.82 per 1,000 gallons

**Large commercial rates**

First 2,000 gallons per month or less	\$33.63 (minimum)
Over 2,000 gallons	\$4.01 per 1,000 gallons

Customer statistics relative to water billed and number of customers for the year ended March 31, 2013 are as follows:

	<b><u>2013</u></b>
Water Revenue	\$ 1,407,765
Quantity of water sold (in thousand gallons)	254,331
Average number of customers billed	3,159
Average quantity of water used per customer (in thousand gallons)	80.51
Annual average revenue per customer	\$ 445.64
Average revenue per thousand gallons sold	\$ 5.54
Cost of operations per 1,000 gallons sold	\$ 5.13
Average net cost of operations per 1,000 gallons sold	\$ 4.44

There were 3,049 residential and 102 commercial water utility customers at March 31, 2013.

**SCHEDULE 2**

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	<b><u>REVENUE BOND FUND</u></b>	<b><u>RESERVE ACCOUNT</u></b>	<b><u>DEPRECIATION AND CONTINGENCY FUND</u></b>
<b>BALANCE, March 31, 2012</b>	<b>\$ 191,064</b>	<b>\$ 226,807</b>	<b>\$ 163,943</b>
Transfer from unrestricted cash	225,736	-	22,578
Interest earned (including accrued interest receivable)	233	258	200
Bonds retired	(69,950)	-	-
Bond interest paid during year	(156,083)	-	-
<b>BALANCE, March 31, 2013</b>	<b><u>\$ 191,000</u></b>	<b><u>\$ 227,065</u></b>	<b><u>\$ 186,721</u></b>
 <b>RECAP OF ENDING BALANCE</b>			
Cash	\$ 191,000	\$ 227,065	\$ -
Savings	<u>-</u>	<u>-</u>	<u>186,721</u>
<b>BALANCE, March 31, 2013</b>	<b><u>\$ 191,000</u></b>	<b><u>\$ 227,065</u></b>	<b><u>\$ 186,721</u></b>

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3  
PLANT ASSETS AND DEPRECIATION  
MARCH 31, 2013**

	<b>ASSETS</b>				<b>ACCUMULATED DEPRECIATION</b>			
	<b>Balance March 31, 2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance March 31, 2013</b>	<b>Balance March 31, 2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance March 31, 2013</b>
Construction in progress	\$ 1,294,627	\$ -	\$ 1,294,627	\$ -	\$ -	\$ -	\$ -	\$ -
Water distribution system	3,234,179	35,533	-	3,269,712	1,432,859	79,806	-	1,512,665
Wells, tanks and equipment	2,365,159	60,766	-	2,425,925	1,044,257	103,948	-	1,148,205
Water treating plant	3,252,606	1,429,631	-	4,682,237	1,211,594	65,052	-	1,276,646
<b>TOTAL</b>	<b>\$ 10,146,571</b>	<b>\$ 1,525,930</b>	<b>\$ 1,294,627</b>	<b>\$ 10,377,874</b>	<b>\$ 3,688,710</b>	<b>\$ 248,806</b>	<b>\$ -</b>	<b>\$ 3,937,516</b>

**SCHEDULE 4**

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
YEAR ENDED MARCH 31, 2013**

<u>Board Member</u>	<u>Amount</u>
Leroy Pugh	\$ 780
Rickey Breaux	300
Raymond Dennis, Jr.	720
Marvin Dale Stampley	300
Larry Vaughn	480
Dana Guilbeau	660
Brent Barbier	<u>660</u>
Total Compensation to Board Members	<u>\$ 3,900</u>

**PRINCIPAL OFFICERS**

Principal officers of the District are as follows:

President	Brent Barbier
Vice President	Raymond Dennis, Jr.
Secretary	Marvin Dale Stampley
Treasurer	Dana Guilbeau

**SCHEDULE 5**

**PARISH OF IBERVILLE, LOUISIANA - WATERWORKS DISTRICT NO. 3**  
**INSURANCE IN FORCE**  
**MARCH 31, 2013**  
**(Unaudited)**

**Insurance in force at March 31, 2013 was as follows:**

<b>(a) Commercial General Liability:</b>	
General Aggregate Limit (Other Than Products-Completed Operations)	\$1,000,000
Products-Completed Operations Aggregate Limit	1,000,000
Personal and Accidental Injury Limit	1,000,000
Each Occurrence Limit	1,000,000
Fire Damage Limit (Any One Fire)	50,000
Medical Expense Limit (Any One Person)	5,000
<b>(b) Automobile Liability:</b>	
Combined Single Limit	1,000,000
<b>(c) Property Damage</b>	
<u>27084 Hwy 404, Plaquemine, LA</u> Chlorinator	105,213
<u>27720 Hwy 405, White Castle, LA</u> 250,000 gallon tank	375,000
<u>63455 Belleview Road, Plaquemine, La.</u> 100,000 gallon tank	200,000
<u>63315 Hwy. 404 - Choctaw Tank</u> 100,000 gallon tank	200,000
<u>52720 Kado St., Plaquemine, LA</u> Building and contents	58,800
<u>27354 River Road, Plaquemine, LA</u> Pumps	31,200
Building	56,000
<u>65200 Belleview Road, Plaquemine, La.</u> Building	1,039,400
Generator	40,000
Clarifier	1,000,000
<b>(d) Blanket Employee Dishonesty</b>	250,000

The above schedule of insurance coverage is intended only as a descriptive summary and the independent accountants express no opinion as to the adequacy of such coverage.



**OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# **BAXLEY AND ASSOCIATES, LLC**

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Hugh F. Baxley, CPA/CGMA/CVA  
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Staci H. Joffrion, CPA/CGMA

## **SCHEDULE 6**

Board of Waterworks Commissioners of the Parish  
of Iberville, Louisiana- Waterworks District No. 3

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Parish of Iberville, Louisiana - Waterworks District No. 3, a component unit of Iberville Parish Council, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively the District's basic financial statements, and have issued our report thereon dated July 10, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Parish of Iberville, Louisiana - Waterworks District No. 3's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parish of Iberville, Louisiana- Waterworks District No. 3's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**SCHEDULE 6  
(CONTINUED)**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS* (CONTINUED)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Parish of Iberville, Louisiana - Waterworks District No. 3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
July 10, 2013

**SCHEDULE 7**

**PARISH OF IBERVILLE, LOUISIANA -  
WATERWORKS DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2013**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      X   no
- Noncompliance material to financial statements  
noted? \_\_\_\_\_ yes      X   no

**B. FINDINGS – FINANCIAL STATEMENT AUDIT – NONE**

**SCHEDULE 8**

**PARISH OF IBERVILLE, LOUISIANA –  
WATERWORKS DISTRICT NO. 3  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2013**

There were no prior year findings or questioned costs.